

AGENDA



Recommendation for Council Action

Austin City Council	Item ID	69259	Agenda Number	10.
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Meeting Date:	5/11/2017	Department:	Telecommunications and Reg Affairs
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Subject

Set a public hearing regarding Texas Gas Service's proposal to increase customer gas rates. (Suggested date and time June 8, 2017; 4:00 p.m. at City Hall; 301 W. Second Street, Austin, TX).

Amount and Source of Funding

Fiscal Note

There is no unanticipated fiscal impact. A fiscal note is not required.

Purchasing Language:	
Prior Council Action:	Suspension of Texas Gas Service's proposed rates on April 20, 2017 granted.
For More Information:	Rondella M. Hawkins, TARA Officer; (512) 974-2422
Council Committee, Boards and Commission Action:	
MBE / WBE:	
Related Items:	

Additional Backup Information

On March 3, 2017, Texas Gas Service Company, a division of ONE Gas, Inc., completed a Gas Reliability Infrastructure Program (GRIP) filing in Austin and in the other Central Texas service area (CTXSA) cities. Other cities include Bee Caves, Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle, Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner, Sunset Valley, Westlake Hills, and Yokum, Texas.

The filing notifies cities of Texas Gas Service's intent to increase rates by \$4,533,721 in the CTXSA which is based on the net increase in capital investment in the CTXSA for the period of January 1, 2016 through December 31, 2016. This filing was made in compliance with the Texas Utilities Code, Section 104.301 that allows a gas utility to annually recover capital investments in gas pipeline infrastructure and related expenses made during the interim period between formal rate case filings. Operation and maintenance costs are not recovered through GRIP. GRIP rates must be based on reasonable increases in invested capital costs.

On April 20, 2017, the City Council suspended the effective date of the proposed increase to a date no earlier than June 16, 2017, to provide an opportunity to properly review TGS's filing.

Based on company-provided information, the proposed assessment will increase the average monthly bill for typical Residential and Commercial customer bills as follows:

	Current Customer Charge	2017 Interim Rate Adjustment Based on 2016 Investment	Percent Change	Adjusted Customer Charge
Residential	\$15.28	\$1.33	4.10%	\$16.61
Commercial	\$38.00	\$5.79	3.65%	\$43.79

The City of Austin has retained a rate consultant to assist staff with evaluating the reasonableness of the rate filing, and has taken the lead to coordinate its review with other cities in the Texas Gas Service CTXSA.

Prior to Council consideration of the rate increase on June 8th, the proposed increase and the findings of the rate review will be posted on the City's website at www.austintexas.gov/departments/telecommunications.

Article XI of the City Charter requires that City Council conduct a public hearing before taking action on the proposed rates.